



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

October 28, 1996

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OCT 29 1996

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Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, DC 20554

Re: CC Docket Nos. 96-128 and 91-35

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Dear Secretary Caton:

Enclosed for filing is an original and ten (10) copies of the Pennsylvania Public Utility Commission's Reply in Support of the Petition for Reconsideration filed by the New York State Department of Public Service and the Joint Petition for Reconsideration by the states of Maine, Vermont, Virginia, Alabama, District of Columbia, Maryland and Montana. Also enclosed is the Commission's Motion for Leave to file Reply in Support of Petitions for Reconsideration Out-of-Time.

Respectfully submitted,

Terrence J. Buda  
Assistant Counsel

Counsel for Pennsylvania  
Public Utility Commission

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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

OCT 29 1996

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In the Matter of )

Implementation of the Pay )  
Telephone Reclassification and )  
Compensation Provisions of the )  
Telecommunications Act of 1996 )

CC Docket No. 96-128

Policies and Rules Concerning )  
Operator Service Access and )  
Pay Telephone Compensation )

CC Docket No. 91-35

Petition of the Public Telephone )  
Council to Treat Bell Operating )  
Company Payphones as Customer )  
Premises Equipment )

DOCKET FILE COPY ORIGINAL

Petition of Oncor Communications )  
Requesting Compensation for )  
Competitive Payphone Premises )  
Owners and Resubscribed Operator )  
Services Provider )

Petition of the California Payphone )  
Association to Amend and Clarify )  
Section 68.2(a) of the )  
Commission's Rules )

Amendment of Section 69.2(m) )  
and (ee) of the Commission's Rules )  
to Include Independent Public )  
Payphones Within the "Public )  
Telephone" Exemption from End )  
User Common Line Access Charges )

PENNSYLVANIA PUBLIC UTILITY COMMISSION  
REPLY IN SUPPORT OF  
PETITIONS FOR RECONSIDERATION FILED BY  
NEW YORK, MAINE, VERMONT, VIRGINIA,  
ALABAMA, DISTRICT OF COLUMBIA, MARYLAND AND MONTANA

The Pennsylvania Public Utility Commission (PaPUC) is the  
state agency responsible for regulating all public utilities,  
including telephone companies, within the Commonwealth of

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Pennsylvania. As such, it has a significant interest in the regulation of telecommunication services at both the interstate and intrastate levels. In pursuit of that interest, the PaPUC offers the following reply in support of petitions for reconsideration filed by New York, Maine, Vermont, Virginia, Alabama, District of Columbia, Maryland and Montana.

In response to the Report and Order issued by the Federal Communications Commission (Commission) on September 20, 1996 in the above-captioned proceeding, the New York State Department of Public Service filed a Petition for Reconsideration. A Joint Petition for Reconsideration by the states of Maine, Vermont, Virginia, Alabama, District of Columbia, Maryland, and Montana was also filed.<sup>2</sup>

In our comments filed on June 27, 1996, to the Notice of Proposed Rulemaking, the PaPUC recommended that the per-call compensation rate should be set at an amount that would encourage operator service providers (OSPs) to lower their surcharges, but not be set at such a level that the IXC recovery of its costs will unreasonably increase the price of the call to the end-user. At that time, the PaPUC's comment expressed our concern over the price paid by the end-user and did not contemplate that the Commission would deregulate local coin rates.

The Petitioners argue that Section 276 of the 1996 Act does not empower the Commission with the authority to preempt state regulation of entry and exit to the payphone market and regulate

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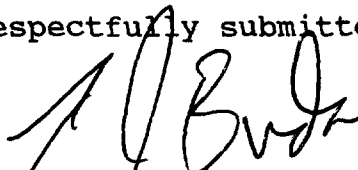
<sup>2</sup> These state commissions, including New York, will be collectively referred to as Petitioners.

intrastate retail coin rates for local service, including rates charged for directory assistance. Petitioners also emphasize that the Commission failed to raise the issue of deregulation of local coin rates in the Notice of Proposed Rulemaking. Finally, the Petitioners believe that the record developed in this rulemaking does not support the Commission's deregulation plan or conclusion that unfettered competition will ensure fair competition for all calls from payphones.

The PaPUC supports the positions taken by the Petitioners. Historically, states have had the central role in regulating payphone rates and this course should continue given our better position to determine local market conditions. Furthermore, since the competitive market has resulted in a overabundant supply of payphones in urban area, the states should retain control over entry and exit to the payphone market. Moreover, the Commission's intention to remove entry and exit restrictions appears to conflict with the broad discretion accorded states in maintaining public interest payphones.

WHEREFORE, the PaPUC respectfully requests that the Commission consider this reply in promulgating new rules governing the payphone industry.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "T. Buda", written over a horizontal line.

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DATED: October 28, 1996

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MOTION FOR LEAVE TO FILE  
REPLY IN SUPPORT OF PETITIONS FOR RECONSIDERATION  
OUT-OF TIME

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Pursuant to 47 C.F.R. Section 1.46, the Pennsylvania Public  
Utility Commission (PaPUC) requests leave to file a Reply in

Support of Petitions for Reconsideration out-of-time in the above-captioned proceeding. In support thereof, the PaPUC avers the following:

1. The PaPUC is the state agency responsible for the regulation of all public utilities, including telecommunications, within the Commonwealth of Pennsylvania. As such, it has a significant interest in the regulation of telecommunication services at the interstate as well as the intrastate level.

2. The Telecommunications Act of 1996 (1996 Act) directs the Federal Communications Commission (FCC) to promulgate new regulations which govern the payphone industry. On June 27, 1996, the PaPUC filed comments to the Notice of Proposed Rulemaking to promulgate the subject regulations. On September 20, 1996, the FCC adopted and released a Report and Order implementing the payphone provisions of the 1996 Act.

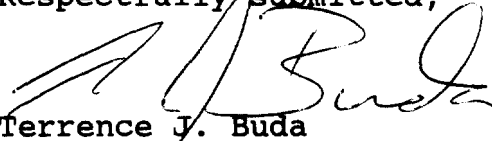
3. The FCC's Report and Order established an expedited reconsideration and reply schedule in this proceeding with petitions for reconsideration due on October 21, 1996 and reply comments due no later than October 28, 1996.

4. The PaPUC did not receive petitions for reconsideration and did not have an opportunity to coordinate agreement on filing a reply in support of petitions for reconsideration filed by other state commissions within the five working days allowed for the filing of replies in this proceeding.

5. No party is likely to be prejudiced by the PaPUC's late-filed Reply in Support since the reply merely supports timely-filed Petitions for Reconsideration filed by other state commissions.

WHEREFORE, in light of the foregoing, the PaPUC respectfully moves that it be permitted to submit the attached Reply in Support of the Petitions for Reconsideration filed in this proceeding.

Respectfully submitted,



Terrence J. Buda  
Assistant Counsel

Counsel for the Pennsylvania  
Public Utility Commission

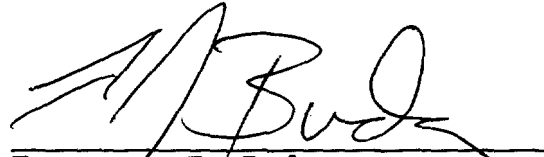
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DATED: October 28, 1996



CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Reply and Motion for Leave to File Out-of-Time were sent by United States first-class mail on this 28th day of October, 1996, upon the parties listed on the attached sheets.



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